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Memorandum

TO: work2future Board

FROM: Jeff Ruster, Executive
Director, work2future

SUBJECT: FY 09-10 Proposed American
Recovery and Reinvestment Plan
Spending Plan

DATE: March 19, 2009

Approved:

Date

March 16, 2009

RECOMMENDATION

That the work2future Board approves work2future's proposed Stimulus budget and related spending plan as follows:

- Attachment I provides an overview of the proposed Stimulus budget and spending plan for the Youth Program.
- Attachment II provides an overview of the proposed Stimulus budget and spending plan for the Adult Program.

These spending plans for the Adult and Youth programs were presented to the Executive Committee as an informational item on February 19, 2009. Subsequently, the Finance Committee approved the Youth and Adult program spending plans on March 11, 2009. The Youth Program Spending Plan, a key component of the overall Proposed Spending Plan, was presented and approved by the Youth Council Committee on February 24, 2009.

BACKGROUND AND ANALYSIS

The U.S House of Representatives and the Senate approved the Federal Stimulus Package in February 2009. At this time, work2future has not received formal notice of our allocations, which we estimate to be approximately \$10 million.

Given the limited timeframes for obligating and spending these monies, staff is bringing forward this preliminary budget and plan to the Board on the proposed use of the stimulus funds, with the ultimate objective of expediting implementation of the plan as soon as funding is received.

The structure of the proposed budget and spending plan is consistent with the discussion at the February 2009 work2future Operations Committee meeting in which the committee members have provided guidance and direction to staff to bring iterative budgets, based on best information available, to subsequent committee meetings, in light of limited timeframes to obligate and spend these resources.

A key component of the Federal Stimulus Package is to create jobs and prepare the workforce for careers. The Federal package includes \$1 billion for Youth, \$1.25 billion for Dislocated Worker and \$500 million for Adult Programs. An additional \$750 million of Federal WIA Stimulus Funds will be allocated through a competitive process to support high-growth initiatives.

The information provided herein centers exclusively upon work2future's anticipated Stimulus Funding formula allocations.

Youth Budget and Spending Plan

Based on its current local allocation of WIA Youth formula funds, work2future anticipates it would receive \$4,896,728 for the Summer Youth Employment Program. These funds will support a Summer Youth Employment Program to an estimated 1,000 to 1,200 youth this summer. Any unspent funds from 2009 may be used to provide for additional 8-12 weeks employment services to older youth clients (ages 19-24) or may be applied to a Youth Summer Employment Program for summer 2010.

The youth served will range in ages from 15 to 24 years and will work up to eight weeks during the summer. The program will include linking the youth with public sector employers (e.g., City, County, State, VTA and school districts) and non-profit institutions. All youth will receive 4 hours per week of work readiness training, in addition to their actual work experience. Total youth salaries for the Summer 2009 program are anticipated to be \$3,067,627.

Given the very limited timeframes to design and roll out the Summer Employment Program, staff recommends that work2future directly operate this program. To do so, work2future will need an additional 35 Temporary (Unclassified) staff, including 20 case managers, 5 workshop instructors, and additional supervisory, MIS and Fiscal support. Attachment 1 provides further detail as to the positions, proposed salaries, and proposed duration of employment. Total personnel costs would be \$829,228.

As further detailed in Attachment 1, the budget includes \$595,000 of non-personnel costs for such items as youth incentives (\$250/participant), supportive services (\$150/participant), and other expenses for supplies, printing, travel, testing materials, rentals of workstations, and equipment.

A remaining \$404,873 is unbudgeted at this time, as work2future has not yet received its final allocation. If this full amount of unbudgeted funds is in fact received, the balance will be applied to support Youth salaries and/or applied for the Summer 2010 program.

Adult and Dislocated Worker Budget and Spending Plan

work2future anticipates that based on its current allocation of local WIA Adult and Dislocated Worker formula funds, it will receive \$4,955,833.

At the time of preparation of this memo, it is unclear as to what percentage of the stimulus funds must be applied for training. Depending on the final requirements of the authorizing legislation, the amounts presented below may be amended.

With the above-referenced anticipated allocations, work2future would serve 1500-2000 Adults and Dislocated workers through September 30, 2010. As detailed in Attachment 2, to support this program, work2future would hire an additional 20 Temporary (Unclassified) staff. These positions include talent coaches, welcome team members, job developers, MIS, Fiscal, and other supervisory and support staff. Total personnel expenses would be \$1,677,803.

Regarding client-related services and non-personnel expenses, \$1.90 million would be applied for training, customized and on-the-job training, and workshops. Subject to client demand, \$1.25 million would be available for training, \$650,000 for workshops, \$200,000 for supportive services, and \$400,000 for needs-related payments, with the remaining balance to be applied for other expenses (e.g., marketing, materials, printing, information technology, and support for the Geomapper). Total non-personnel expenses are budgeted at \$2,855,000.

There is a remaining balance of \$423,030 to account for variations in work2future's preliminary budget allocations versus the pending final allocations. If the full amount is received, the remaining \$423K will be dedicated for client-related services.

BUDGET IMPACT

These proposed spending plans for the Adult and Youth program will augment the current operating budget for FY 08/09 and FY 09/10. The additional stimulus funding will allow work2future to administer a summer youth program in house that will serve 1,200 more youth clients. In addition, the additional funding for the Adult program will support a larger ETPL training budget of approximately \$1.2 million -- four times bigger than work2future's current training budget. The additional funding will also be used to increase work2future's current workshop and client supportive services and needs-related budgets.

California Workforce Association projects that we will receive \$11,981,886: \$2,248,000 for Adults, \$4,479,706 for Dislocated Workers, and 5,254,189 for Youth. In the event that work2future receives more than \$10M, the increase in funding will be used to support (1) an extended summer employment program for Older Youth (ages 19-24) for an additional 8-12 weeks, and (2) internships, enhanced assessments, and training for Adults and Dislocated Workers. Once we receive confirmation of our allocation, we will return to the subsequent Executive Committee and Finance Committee meetings for approvals.



Jeff Ruster
Executive Director, work2future

cc: Paul Krutko
Chris Donnelly
Joy Salandanan

Work2future Stimulus Planning Outline
Youth Program

Projected Funding: \$4,896,728

Start Date of Stimulus Expenditures: 30 days after the signing of the Stimulus Bill by the President on February 17, 2009, DOL will begin to release funds to the states; Local Areas will be able to draw down funding soon after.

50% of funding will need to be encumbered by: June 30, 2009.

End Date of Stimulus Funding: June 30, 2011.

Number of Youth to be served in Summer Employment Program: 1200. 20% of the youth will come from South County Area (Morgan Hill/Gilroy)

Work Locations: All work sites will be in the Public Sector (city, county, state, school districts) and/or Non-Profits.

225 – 15-16 year old youth: will work 24 per week including 4 hr. of work readiness @\$9.00/hr.

325 – 17-18 year old youth: will work 30 per week including 4 hr. of work readiness @\$10.00 hr.

650 – 19-24 year old youth: will work 40 per week including 4 hr. of work readiness @ \$13.00 hr.

Total Youth Salaries for summer 2009: \$3,067,627

Procurement Issues:

- Need to find community centers or other facilities in two locations (San Jose and South County) to house Summer Youth Employment Program staff and to conduct weekly work readiness trainings.
- Need to look at purchasing or renting computers, office equipment, workstations, and supplies for youth staff.
- Need to meet with HR and City Finance staff to look at the possibilities of contracting out payroll (ADP?).

Additional Staff needed/Positions:

Position	Number of Staff Needed	Rate of Pay	Duration	Weeks	Salary	Benefits	Overhead 2009-10	Position Cost	Total Personnel
MIS 50% Shared with Adult	1.5	20.00	4/09 - 9/30/10	72	57,600	28.5% 16,416	10,755	84,771	127,156
Fiscal 50% Shared with Adult	1.5	20.00	4/09 - 9/30/10	72	57,600	16,416	10,755	84,771	127,156
Case Manager	20	20.00	5/09 - 9/30/09	20	16,000	1,600	2,432	20,032	400,640
Workshop Instructors	5	20.00	5/09 - 8/30/09	12	9,600	960.00	1,459	12,019	60,095
Unit Leads	3	25.00	4/09 - 9/30/09	24	19,200	1,920	2,918	24,038	72,114
Project Manager	1	30.00	4/09 - 10/30/09	28	33,600	3,360	5,107	42,067	42,067
Total	32								\$829,228-

Personnel Cost: 829,228

Non- Personnel

Work Readiness Supplies	\$10,000
Printing	\$15,000
Travel/Mileage	\$20,000
Supportive Services (up to \$150.00 per participant)	\$150,000
Youth Incentives (up to \$250.00 per participant for completion of Work Readiness Cert.)	\$250,000
Other Costs: Testing Materials, Rentals of Workstations/Computers/Office Equipment/Facilities/Payroll (ADP?)	\$150,000
Total	\$595,000

Attachment 1

Non Personnel Cost: \$595,000

Total Personnel/ Non Personnel Cost: \$4,416,855 (including Youth Salaries)

The remaining \$404,873 will function as a buffer, since the final allocation to the Local Area has not yet been provided (this is our best-guess estimate for work2future's allocation from the stimulus package). If the anticipated amount is awarded, the remaining \$404K will be used to augment Youth Salaries.

-	Adult	\$2,070,354
-	DW	\$2,885,479

50% of Stimulus Funds must be obligated by: June 30, 2009. Stimulus Package funding is tied to Training and Training-Related activities, with provision for Supportive Services and Needs-Related payments (e.g., emergency housing, auto repairs, utilities).

Number of Clients to be Served: 1500-2000 Adult and Dislocated Workers.

Number of Additional Staff/Positions Needed:

[illegible]

Personnel Costs: \$1,677,863

Training: Funding for ETPL, Online Training, OJT, Customized/Specialized Training	\$1,250,000
Workshops: (25% increase in current offerings)	\$ 650,000
Training-Related Materials	\$ 50,000
Supportive Services	\$ 200,000
Needs-Related Payments	\$ 400,000
Computers, Office Equipment, Additional Workstations: Rental/Purchase	\$ 100,000
Advertisements/Marketing Material, Printing	\$ 25,000
Geomapper, Claritas, and State-Wide Databases	\$ 180,000
Total	\$2,855,000

Non Personnel Costs: \$2,855,000

Procurement Issues/Special Issues: We may be able to contract directly with Institutions of Higher Education including Community Colleges for classroom training through an RFP/RFQ process.

Total Personnel/ Non Personnel Costs: \$4,532,803

The remaining \$423,030 will function as a buffer, since the final allocation amount to the Local Area has not yet been provided (this is our best-guess estimate regarding work2future's allocation from the stimulus package). If the anticipated amount is awarded, the remaining \$423K will be used for client related services.